

Message Text

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ACTION SCI-06

INFO OCT-01 EUR-25 ISO-00 AID-20 CEA-02 CIAE-00 COME-00

EB-11 EA-11 FRB-02 INR-10 IO-14 NEA-14 NSAE-00 RSC-01

OPIC-12 SP-03 TRSE-00 CIEP-02 LAB-06 SIL-01 SWF-02

OMB-01 SS-20 NSC-07 L-03 H-03 CEQ-02 EPA-04 DOTE-00

HUD-02 HEW-08 STR-08 INT-08 AGR-20 FEAE-00 DRC-01

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R 081713Z JUL 74

FM USMISSION OECD PARIS

TO SECSTATE WASH DC 3211

UNCLAS SECTION 01 OF 02 OECD PARIS 16552

E.O. 11652:N/A

TAGS: SENV, OECD

SUBJECT: RESULTS OF ENVIRONMENT COMMITTEE'S CONSIDERATION OF DRAFT ACTION PROPOSAL ON POLLUTER PAYS PRINCIPLE (PPP)

1. SUMMARY: DISCUSSION SUBJECT PROPOSAL FOCUSSED PRIMARILY ON JAPANESE AMENDMENTS DESIGNED TO BROADEN EXCEPTION TO PPP TO AUTHORIZE AID PAYMENTS TO NEW PLANTS IN "HIGHLY EXCEPTIONAL CIRCUMSTANCES", AS WELL AS TO EXISTING PLANTS. WHILE SYMPATHETIC TO JAPAN'S SPECIAL SITUATION, MOST DELEGATIONS OPPOSED ANY FURTHER WATERING DOWN OF PPP IN MINISTERIAL ACTION PROPOSAL. COMMITTEE AGREED NOT TO ACT ON PROPOSAL UNTIL IT STUDIES IN GREATER DEPTH PROBLEMS FACED BY INDUSTRIES IN COUNTRIES LIKE JAPAN APPLYING POLLUTION CONTROL STANDARDS SUBSTANTIALLY HIGHER THAN THOSE OF OTHER COUNTRIES. END SUMMARY.

2. AT OUTSET COMMITTEE DISCUSSION OF DRAFT ACTION PROPOSAL ON PPP (FOR SUBMISSION TO ENVIRONMENT COMMITTEE AT UNCLASSIFIED

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MINISTERIAL LEVEL) JAPANESE DELEGATE PROVIDED DE-

TAILED EXPLANATION WHY HIS GOVERNMENT COULD NOT ACCEPT PROPOSAL AS DRAFTED WHICH LIMITS AID PAYMENTS TO EXISTING PLANTS ONLY (PARA III.2.(A) OF ANNEX IX TO ENV/MIN (74)7, LST REVISION). HE STATED, INTER ALIA, THAT JAPANESE SOX STANDARDS ARE THREE TO FOUR TIMES MORE STRINGENT THAN OTHER OECD COUNTRIES, AND THAT STANDARDS APPLIED TO NEW PLANTS IN JAPAN ROUGHLY TWICE AS STRINGENT AS THOSE APPLIED TO EXISTING PLANTS; THAT CAPITAL INVESTMENT IN POLLUTION CONTROL EQUIPMENT BY JAPANESE INDUSTRY INCREASING RAPIDLY (150 PERCENT GREATER IN 1973 THAN 1972), AND SUCH AN INVESTMENT ESTIMATED TO CONSTITUTE SIXTEEN PERCENT OF TOTAL INDUSTRIAL CAPITAL INVESTMENT IN 1974 AND THREE PERCENT OF JAPAN'S GNP, COMPARED TO 0.5 TO 1 PERCENT GNP IN OTHER MAJOR INDUSTRIALIZED COUNTRIES. HE INSISTED JAPAN STRONGLY SUPPORTS PPP, AND ITS ASSISTANCE TO INDUSTRY IS NOT TRADE DISTORTING, BUT MERELY REDUCES DISADVANTAGE FACED BY JAPANESE INDUSTRY IN COMPLYING WITH MORE STRINGENT STANDARDS THAN THOSE APPLIED ELSEWHERE.

3. MOST DELEGATIONS SYMPATHETIC TOWARD JAPAN'S PROBLEMS AND LAUDED STRENUOUS JAPANESE EFFORTS TO DEAL WITH THEM; BUT WERE NEVERTHELESS GENERALLY OPPOSED TO JAPANESE AMENDMENTS DESIGNED TO EXPAND EXCEPTIONS TO PPP TO AUTHORIZE AID PAYMENTS NOT ONLY TO EXISTING PLANTS BUT "IN HIGHLY EXCEPTIONAL CIRCUMSTANCES TO NEW PLANTS.. IF RAPID IMPLEMENTATION OF EXCEPTIONALLY STRINGENT REGULATIONS REQUIRED TO DEAL WITH VERY SERIOUS POLLUTION PROBLEMS WOULD NOT OTHERWISE BE ACHIEVED".

4. WHILE AD HOC DRAFTING GROUP FURTHER NARROWED EXCEPTION FOR NEW PLANTS TO THOSE "FACING EXCEPTIONALLY STRINGENT REGULATIONS WITHOUT THE POSSIBILITY OF AVAILING THEMSELVES OF POLLUTION ABATEMENT TECHNOLOGY LESS COSTLY THAN THAT AVAILABLE TO EXISTING PLANTS," MOST DELEGATIONS PREFERRED TO DROP ACTION PROPOSAL FROM

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MINISTERIAL DECLARATION RATHER THAN FURTHER EXPAND EXCEPTIONS TO PPP.

5. FRENCH REP SUGGESTED PROBLEM NOT JUST PROBLEM FOR JAPAN BUT ALSO FOR ANY COUNTRY APPLYING HIGHER STANDARDS THAN OTHERS, AND PERHAPS CONSIDERATION SHOULD BE GIVEN TO PERMITTING BROADER EXCEPTIONS FOR COUNTRIES APPLYING STANDARDS HIGHER THAN AVERAGE.

6. COMMITTEE FINALLY ADOPTED CANADIAN SUGGESTION THAT ACTION PROPOSAL ON PPP WARRANTS STUDY IN DEPTH BY ENVIRONMENT COMMITTEE AT A FUTURE MEETING BEFORE DECIDING TO FURTHER MODIFY IT OR ABANDON ATTEMPT TO SPELL OUT EXCEPTIONS TO IT. JAPANESE REP REITERATED JAPAN'S DESIRE TO WORK OUT ACCEPTABLE ACTION PROPOSAL ON PPP FOR MINISTERIAL MEETING AND URGED THAT THIS BE ACCOMPLISHED AT PROPOSED SEPT. MEETING OF ENVIRONMENT COMMITTEE.

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7. US DEL ATTEMPTED UNSUCCESSFULLY TO PERSUADE JAPANESE PRIVATELY TO ACCEPT PROPOSAL AS DRAFTED AND SUBMIT INTERPRETATIVE NOTE EXPLAINING JAPAN'S PROBLEMS AND RESERVATIONS. IN PLENARY DISCUSSION, US REP:(1) EXPRESSED STRONG SYMPATHY WITH DIFFICULT SITUATION FACING JAPAN, (2) AGREED WITH FRENCH THAT APPLICATION OF HIGHER THAN NORMAL STANDARDS MAY CREATE PROBLEMS FOR COUNTRIES OTHER THAN JAPAN AND THAT FURTHER STUDY OF QUESTION NEEDED, (3) BUT US REP JOINED WITH OTHER COUNTRIES IN VOICING SERIOUS CONCERN ABOUT ANY FURTHER RETROGRESSION FROM PPP.
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